



FHLBanks Post Strong 2023 Results and Record Affordable Housing Program Funding for 2024

The Federal Home Loan Banks executed their congressionally chartered mandate to provide stable, reliable liquidity and helped calm an unsettled market during the bank runs and failures in March-May of 2023. Widespread concern of contagion and cascading bank failures was mitigated by the actions of the 11 Federal Home Loan Banks (FHLBanks), their members, and federal regulators. The FHLBanks funded \$675.6 billion in advances in a single week, the largest one-week provision of liquidity in FHLBank System history¹, in response to increased market demands for liquidity. Despite a report suggesting the potential for wider bank failures², the contagion was contained, and financial markets stabilized.

The FHLBanks serve as a stable, reliable liquidity provider and respond to changing market dynamics by expanding or contracting to meet the funding needs of their members. The FHLBanks have fulfilled this mission in their activities and preparedness for the past nine decades. In 2021, the FHLBanks saw advances outstanding fall to a 15-year low³, while, less than two years later, advances outstanding rose to an all-time high. By the end of 2023, FHLBank advances outstanding returned to slightly below where they started the year.⁴

With vast capacity to provide on-demand liquidity and close ties to their member financial institutions, the FHLBanks are a foundational element of U.S. financial system stability. Absent the FHLBanks' quick response to market demands for liquidity in 2023, the consequences could have been catastrophic for the U.S. system of housing finance and the U.S. economy.

As shown in the 2023 Annual Combined Financial Report of the Federal Home Loan Banks, significantly higher interest rates combined with the higher average balance of advances fueled an increase in net income, retained earnings, dividends, and Affordable Housing Program (AHP) assessments in 2023. Net Income increased by 111% and AHP assessments increased by 112% in 2023.⁵

Importantly, the core business activities of the FHLBanks directly drive the amount of funding available for AHP, as each FHLBank is statutorily required to dedicate 10% of its earnings to the

¹ [FHLBank System at 100: Focusing on the Future \(fhfa.gov\)](https://www.fhfa.gov)

² <https://www.wsj.com/livecoverage/stock-market-news-today-03-17-2023/card/dozens-of-banks-may-have-risks-similar-to-silicon-valley-bank-economists-find-PLIFEYfTTer5HvixzEx6>

³ [FHLBank System at 100: Focusing on the Future \(fhfa.gov\)](https://www.fhfa.gov)

⁴ https://www.fhfb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf

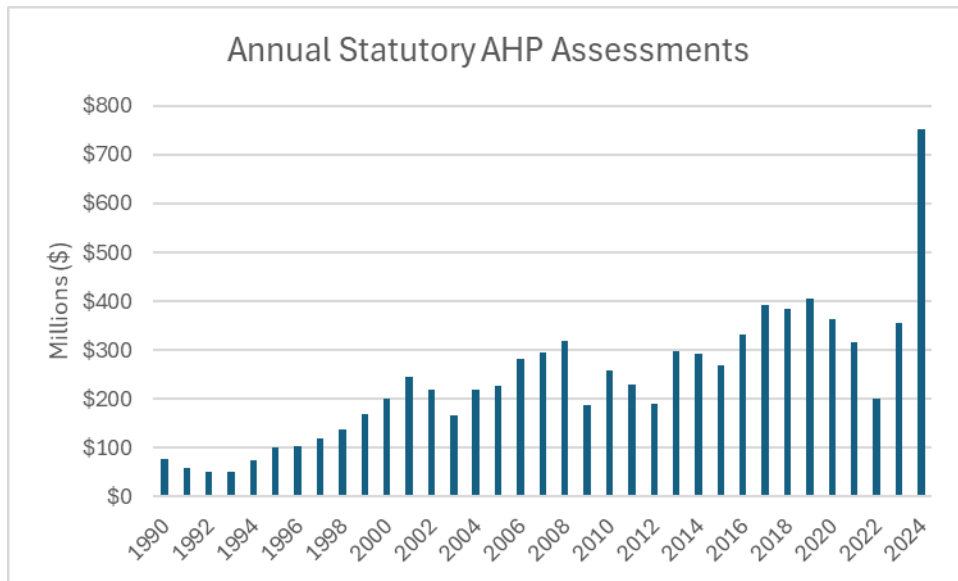
⁵ The primary business model of the FHLBanks is: 1. Raise funds in capital markets, 2. Lend funds (advances) to meet member demands, and 3. Earn modest spread “advance rate - cost of funds”; thus, higher advance volumes contribute to higher earnings. The FHLBanks also earn income on investments, so higher interest rates in 2023 generated higher rates of return on investments.

AHP. The figure below shows the FHLBanks' annual statutory AHP assessments since 1990, including 2023's record \$752 million statutory AHP assessment.

In 2023, the FHLBanks voluntarily agreed to increase their affordable housing and community development commitment by 50 percent above the statutory minimum going forward. The FHLBanks are either already making additional voluntary contributions or are in the process of increasing voluntary contribution levels.

The FHLBanks continue to provide financing solutions for members and expanded affordable housing and economic development programs in 2024.

For the 2023 Annual Combined Financial Report of the Federal Home Loan Banks, click [here](#).



Source: Federal Housing Finance Agency, Council of Federal Home Loan Banks

About the Federal Home Loan Banks

The Federal Home Loan Banks (FHLBanks) were established by the Federal Home Loan Bank Act in 1932 as a system of privately funded, member owned cooperatives to provide reliable liquidity to members and to support housing finance and community development. The FHLBank System consists of [11 regional FHLBanks](#) and the [Office of Finance](#). The FHLBanks are located in Atlanta, Boston, Chicago, Cincinnati, Dallas, Des Moines, Indianapolis, New York, Pittsburgh, San Francisco, and Topeka. The Council of Federal Home Loan Banks is a trade association of the FHLBanks based in Washington, D.C.